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NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

MBA PROFESSIONAL REPORT

**Case Study of Lebanon:
Can the U.S. Build Upon Socio-Economic Influences
in Order to Foster Good Citizenship Versus Insurgency?**

**By: Kirk D. Hoppe
December 2007**

**Advisors: Deborah Gibbons
 James Suchan**

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**CASE STUDY OF LEBANON:
CAN THE U.S. BUILD UPON SOCIO-ECONOMIC INFLUENCES IN ORDER
TO FOSTER GOOD CITIZENSHIP VERSUS INSURGENCY?**

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Submitted in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

from the

**NAVAL POSTGRADUATE SCHOOL
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ABSTRACT

Lebanon has long struggled with tremendous political upheaval. More recently, they have battled with heavy-handed Syrian interference, coped with a large number of Palestinian refugees, wrestled with Islamic fundamentalists, and have witnessed several attempts made upon the lives of prominent public figures. The country still remains mired in political inertia and suffers from an inability to institute the deeply needed reforms in its political structure and governing arrangement. A strong factor preventing any progress in the Lebanese political process is the emergence of new and potent political will within the Shia population charged by the insurgent group Hezbollah. This project analyzes the roles of Hezbollah in shaping the local economic picture among the people of southern Lebanon. Implications for political and military strategists are provided in order to possibly change the perception that Hezbollah is the only legitimate force able to provide safety, security, and basic services to a population lacking these essential goods, and thus changing the trends for people to strive towards good citizenship versus the counterproductive nature of insurgency.

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I. CASE STUDY OF LEBANON: CAN THE U.S. BUILD UPON SOCIO-ECONOMIC INFLUENCES TO FOSTER GOOD CITIZENSHIP VERSUS INSURGENCY?



Figure 1. Help stop the bloodshed flag (From: Adblogarabia.com¹)

Truth is mysterious, elusive, ever to be earned anew.
Liberty is dangerous, as hard to live as it is exciting.
- Albert Camus

A. A FORK IN THE ROAD (DECEMBER 2008)

The President Elect and Secretary of State Elect looked across the Oval Office at their new Ambassador to Lebanon. The president decided to have this personal meeting in order to impart the needed importance that Lebanon would have in the new administration. Both the new President and the Secretary were thinking that it was more important than ever to cement a good relationship with Lebanon if there were to be any hope for a successful peace plan for the Middle East. The President began by saying, “The American people have made it clear

¹ AdBlogArabia, <http://www.adblogarabia.com/> (accessed December 2007).

that they are looking for a change in the way the United States does business, and I personally believe that they are right. I'm sending you out to Beirut in expectation that we can make some real strides in our relationships not only with the Lebanese government, but also with the Lebanese people. As soon as you get out there, I want you to develop your own personal assessment and get it back to me here in Washington as soon as possible." After leaving the President Elect's home, the new ambassador would need to make every effort to learn as much as possible about the key factors that are driving conflict within Lebanon. Soon to be on a plane headed to Lebanon, the ambassador knew there was much work to be done. For example, the Lebanese government would need to make significant changes to their distribution of services provided to the public throughout all regions of Lebanon. Additionally, the Lebanese government would need to develop a well crafted message that can reach out to the masses, at all ends of the economic spectrum, and throughout all of Lebanon.

B. CULTURE CLASH BOUND BY A THIN THREAD

Lebanon has long struggled with tremendous political upheaval. More recently, they have battled with heavy-handed Syrian interference, coped with a large number of Palestinian refugees, wrestled with Islamic fundamentalists, and witnessed several attempts made upon the lives of prominent public figures--most prominent of those killed was former Prime Minister Rafik Hariri. His killing, in fact, inspired a popular uprising known in western culture as the Cedar Revolution. In combination with the uprising, strong international support for a Syrian withdrawal was mounting. On April 27, 2005 the Syrian military finally withdrew all of the troops which it had deployed in Lebanon since 1976. New parliamentary elections were held in May and June of 2005 and a new majority coalition of reform-minded, albeit sectarian, leaders came to power with the promise to overhaul the Lebanese political system. Despite these promises, the country still remains mired in political inertia and suffers from an inability to institute the deeply needed reforms in its political structure and governing

arrangement. Early in 2006, Lebanon owed over \$26 billion in foreign debt. By the end of 2006, Lebanon's debt would grow substantially larger as a direct result of the Israeli invasion. Estimates of the damage alone range as high as 2.5 billion dollars, and do not account for the loss of productivity due to the war or the longer effect that it has had upon their essential tourism industry.²

In recent years, as the world has been dealing with a war on terrorism Lebanon has also had to deal with a growing force within their borders that represents a dangerously growing threat of global jihad. In the two decades prior to the September 11, 2001 attack on the World Trade Center, Islamic radicalism in Lebanon as well as the Middle East was flourishing. Many governments have wrongly treated it as only an annoyance rather than a serious threat to their security. However, after September 11th all that changed. Countries were forced to rethink their positions on terrorism and began to pursue, capture, and kill terrorists worldwide. Some would argue that recent events in Iraq have actually spurred terrorism. On a whole, networks are weaker, more decentralized, and amorphous.³ An example of this can be seen in Lebanon during the summer of 2007 where the Lebanese Armed Forces (LAF) in a 105-day battle crushed Fatah al-Islam terrorists in the Nahr al-Bared camp. However, in Lebanon, while fundamental terrorism has failed in this one instance, Lebanon is still home to arguably the most dangerous of terrorist organizations--Hezbollah. Moreover, while many terrorist groups are struggling to survive, Hezbollah claims to have actually gained strength in Lebanon.⁴

Debt generated by years of conflict obviously has haunted the Lebanese economy. On the other hand, rooted at the base of all the Lebanese years of conflict is a convergence of many distinctive cultures. Samuel B. Huntington's

² USAToday.com, http://www.usatoday.com/news/world/2006-08-07-lebanon-damage_x.htm (accessed December 5, 2007).

³ The Year in Defense, Faircount Media Group, 2007.

⁴ Associated Press, Google.com, <http://ap.google.com/article/ALeqM5gBuFrPW-4LwEbzRqVlg- - 16yAAD8SL5BQG0> (accessed November 2, 2007).

book *Clash of the Civilizations*⁵ has predicted that the battle lines in the 21st century would form along major cultural divides. Moreover, recent events in history have indicated that Huntington may indeed be correct. Albeit, the key to success in Lebanon may likely be found along that cultural divide, it is more than likely to be a more complex combination of factors that have (and continue to) pull this small country in so many directions.

Late in the fall of 2007, the Lebanese government is finally making strides in what may be its last attempts to gain a required two-thirds majority needed to elect a new president. There has been grave concern that the Lebanese parliament would fall short of completing this task. The consequences of this failure would be the creation of an alternate government or perhaps the country falling back into civil war. The impasse has mostly been between Pro-Syrian which are strongly supported by Hezbollah and Anti-Syrian sentiments. The stand off to date had been exacerbated by Hezbollah party members leaving the governing council in protest. However currently, there has been some progress and a consensus for a new president. General Michel Suleiman has been nominated for the office. As an apparent Pro-Syrian supporter, the election would be seen as a victory for Hezbollah.

So how has Hezbollah grown to be such a prominent political entity? Their rise to prominence can be related to an underlying question that will be posed here. How has Hezbollah been able to communicate their vision, and thus mobilize a Shia significant political will? One link to how Hezbollah has accomplished this movement can be correlated similar findings observed by the brothers Chip and Dan Heath. In their book *Make it Stick*, the brothers have come up with a simple yet effective method that can be incorporated into a Middle Eastern model. Their argument is that ideas need to be presented as a simple, unexpected, concrete, credible, and emotional story. The brothers borrowed the term “sticky” from Malcom Gladwell’s book “Tipping Point.”

⁵ Council on Foreign Affairs, <http://www.foreignaffairs.org/19930601faessay5188/samuel-p-huntington/the-clash-of-civilizations.html> (accessed November 25, 2007).

Gladwell actually notes that there *is* a sticky factor, while the Heath brothers have expanded on *what* makes those ideas stick. In basic terms, Chip and Dan Heath argue that a message need not merely to be conveyed, but that it needs to be communicated in a way that resonates with everyone who has a stake in the outcome. In relation to what we see in Lebanon Hezbollah has clearly communicated their message to those who have a clear stake in the success of their own lives. This happens to be a majority of lower class Lebanese people.⁶ Hezbollah has positioned themselves to be the defender of the poor in attempts to legitimate whatever actions they take.

C. LEBANESE BACKGROUND

1. History

Lebanon, which is officially known as the Lebanese Republic, is a small, largely mountainous country, located on the eastern edge of the Mediterranean Sea. It is bordered by Syria to the north and east, and Israel to the south. The earliest known settlements in Lebanon date far back to earlier than 5000 BC. The city of Byblos is actually considered by many archeologists to be the oldest continuously-inhabited city in the world. Considered by some to be a part of the Phoenicians' homelands, these seafaring people were spread across the Mediterranean. From that time on, Lebanon endured two centuries of Persian rule and became part of numerous succeeding empires from the Romans on to the Ottoman Empire. In 1916, after 400 years of Ottoman rule and as a direct result of World War I, Lebanon became a part of the French Mandate of Syria Lebanon. At this point in Lebanese history, they were actually a largely Christian enclave, but an expansion of Lebanon that would include the Bekka valley would add many Muslims and Druzes to what was to become modern Lebanon.⁷

⁶ Chip and Dan Heath, *Made to Stick: Why Some Ideas Survive and Others Die* (New York: Random House, 2007).

⁷ Asher Kaufman, *Reviving Phoenicia: The Search for Identity in Lebanon* (New York: I.B. Taurus & Co Ltd., 2004).

On September 1, 1926, France formed the Lebanese Republic, and in 1943 during the midst of World War II, Lebanon gained its independence. Allied forces maintained control of the region until the end of World War II. In 1943, Lebanon established a government based upon an unwritten National Pact. The Pact required the president to be Christian and its prime minister to be Muslim, and additionally established other positions within the government that allowed all members of society to contribute to a political climate of what would be seen as an Arab state.

As Lebanon's history continued to unfold, the roads to prosperity were built upon Beirut's position as a regional center for finance and trade. Yet, independence for the young country was often marked by alternating periods of political stability and turmoil. Five years after gaining independence, Lebanon joined its fellow Arab states in the 1948 Arab-Israeli War. After an unexpected defeat, Lebanon accepted an armistice with Israel, which left approximately 100,000 Palestinian refugees that had fled Israel and were currently living within the Lebanese border.

Following the June 1967 Six Day War, the Palestine Liberation Organization (PLO) established within Jordan a major base of operations for their war against Israel. Through the late 1960's, a series of Palestinian guerrilla attacks followed by retaliatory raids by Israel against Jordan added a major strain upon Jordan's relationship with the United States as well as other Western countries. Additionally, by 1970, it was believed by King Hussein that the PLO's leader Yasser Arafat was attempting to overthrow him. Since he viewed the PLO's operations against Israel as a threat to Jordan, King Hussein forced the PLO and its people to leave Jordan, thus causing the Palestinian population in Lebanon to swell to over 300,000 refugees.⁸

⁸ Palestine Facts, http://www.palestinefacts.org/pf_1967to1991_jordan_expel_plo.php (accessed November 25, 2007).

The PLO would soon become ensconced in Lebanon, controlling the network of Lebanese refugee camps, essentially creating a state within a state. Unfortunately, they lived in generally miserable conditions and even now little has changed. Today, many Lebanese Shiites often regard the Palestinian population with suspicion. While there are some Palestinians that have ties with Hezbollah, there are yet secular Palestinians that are angered by Hezbollah's influence over the Palestinian cause, leading one Palestinian official to note "There [are] no Israeli settlers in Southern Lebanon."⁹ The Palestinian piece in the overall fragmentation of Lebanon has been as yet another catalyst for violence within their borders. Particularly, their largest role was to instigate conflict between Israel and Lebanon eventually drawing Israeli forces up into the countryside.

In 1975, civil war broke out in Lebanon. Beyond the loss of life, the toll of this all-out civil war was a fragmentation of the country along religious lines. What were once vibrant mixed neighborhoods atrophied as their inhabitants found themselves forced to move to areas that were dominated by their own religious groups. As the country spiraled into chaos, two outcomes were considered possible. The first was an establishment of an independent Christian state on Mount Lebanon, the second the creation of a radical, hostile state on the Syrian western border. Neither of these outcomes was considered acceptable to the Syrian government, so in the summer of 1976 Syria intervened militarily on the side of the Christians by sending in troops to stop the fighting and thus potentially saving them from total defeat. The Syrian army would bring a swift end to the fighting. However, the decision would provoke outrage from much of the Arab world.¹⁰

From its new position north of Israel, the PLO supported guerrilla attacks into Israeli territory, and in 1978 Israel responded by invading Lebanon in an attempt to crush the PLO. Only four days into the invasion, the U.N. issued

⁹ Adam Shatz, *In Search of Hezbollah*, The New York Review of Books, vol. 51, no. 7, April 29, 2004.

¹⁰ *Lebanon Civil War*, globalsecurity.org (accessed November 1, 2007).

Resolution 425, which demanded Israeli withdrawal and established a U.N. monitoring force in southern Lebanon. In 1982, Israel would again invade Lebanon, with the intent of fully crushing the PLO. The invasion was successful in crippling the PLO, but was considered by the Israeli's as a quagmire that would last for three years.¹¹

The Lebanese Civil War lasted for over fifteen years, devastating a once prosperous economy and resulting in massive loss of life and property. Estimations are that as many as 100,000 were killed, and another 100,000 were left permanently handicapped during the long and bloody civil war. Additionally, up to one-fifth of the pre-war resident population, or about 900,000 people, were displaced from their homes with perhaps a quarter of a million emigrating permanently.¹²

The war ended in 1990 with the signing of the Taif Agreement adjusting the ratio to grant equal governmental representation to both Christians and Muslims. Prior to Taif, the Christian community had a disproportionate share of power within Lebanese politics. During the civil war, Lebanon was invaded and occupied by Israel in 1978 and again in 1982 in attempts to quell Palestinian attacks from Southern Lebanon. Israel would then remain in control of Southern Lebanon until the year 2000. By that time a consensus developed in Israel to withdraw their forces due to the continuous guerrilla attacks that were executed by, now, Hezbollah militants. Additionally, it was believed by the Israelis that Hezbollah activity would diminish and eventually stop without their presence on the ground.¹³

Meanwhile, from 1976, Syrian forces would remain within the rest of Lebanon until the Cedar revolution of 2005. Syria's stated reason for remaining

¹¹ SeattleTimes.com, <http://seattletimes.nwsources.com/news/nation-world/mideast/wars/> (accessed November 6, 2007).

¹² *Lebanon Civil War*, globalsecurity.org (accessed July 27, 2007).

¹³ Israel Ministry of Affairs, <http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+leaders/2000/Withdrawal+from+Lebanon+-+Press+Briefing+by+FM+Levy.htm> (accessed July 27, 2007).

in Lebanon was that they were there to maintain the peace, but in actuality they remained to use Lebanon as a buffer against Israel. As Syria controlled the northern portion of Lebanon, Israel's control of southern Lebanon would be contested by the Hezbollah militia as they wrestled against Israel to gain control of the area. To this day a border region called the Sheba Farms is still hotly disputed, with Hezbollah declaring that it will not disarm until this area has been liberated. Although Syria withdrew its military forces from Northern Lebanon, intelligence assets still remain, and Syria continues to exert a strong political influence within the country. After fifteen years of civil war, Lebanon would see a short period of relative calm.

In July of 2006, Hezbollah guerillas crossed into Israel, killed three Israeli soldiers, and kidnapped two others, precipitating a war with Israel. Although Lebanon had done nothing as a state to provoke Israel, it still found itself suffering as a result of the conflict between Israel and Hezbollah. Israeli air strikes hit Hezbollah positions in the south as well as strategic targets throughout Lebanon. Additionally, Israeli ground forces moved into southern Lebanon in an attempt to rout Hezbollah forces. However, Hezbollah resistance was more resilient than expected. Standing firmly against the ground attack, they clung to their only effective option, asymmetric warfare. They fired thousands of rockets at civilian targets in Israel, and forced Israeli troops to pry them out of the civilian population. By the time, the war ended, on August 14, an estimated 1200 Lebanese civilians and hundreds of Hezbollah fighters had died, along with 119 Israeli military and 43 Israeli civilians.

UN Security Council Resolution 1701, which ended the war, provided for a ceasefire, an Israeli withdrawal and lifting of blockades, disarming of Hezbollah and other militias, and a ban on unauthorized weapons transfers into Lebanon. More importantly, Lebanese forces deployed to southern Lebanon and the border with Israel for the first time in almost four decades. Although the Lebanese Army did finally deploy in southern Lebanon, Hezbollah still remains armed simply because they maintain popular support among the people. The Lebanese Army

does not have sufficient strength to carry out the task to disarm Hezbollah and many in the army are sympathetic to Hezbollah. Furthermore, no other country is willing to sacrifice what is required to disarm the group. So both the United Nations and the Lebanese government have learned to deal with a fully armed Hezbollah and have no real intention other than political rhetoric to disarm the group.¹⁴

In the last few years, as Lebanon has struggled to unify itself as a country, sectarian violence continues to try to pull it apart. In February of 2005 Prime Minister Hariri was assassinated. By November of 2006, as the new prime minister's cabinet neared approval of the Hariri tribunal, pro-Syrian ministers, including all the Shiite ministers, withdrew from his cabinet. Led by Hezbollah, pro-Syrian forces began months of massive demonstrations, sit-ins, and occasional violence that was intended to either paralyze or bring down the cabinet. On November 21, 2006 the Minister of Industry, Pierre Gemayel, son of ex-president Amin Gemayel, was assassinated. However, possibly due to all the violence that Lebanon had endured during recent years, the people of Lebanon showed a great resolve to take ownership of their country. On February 14, 2007, hundreds of thousands of defiant Lebanese gathered peacefully in Martyr's Square to commemorate the second anniversary of former Prime Minister Rafik Hariri's assassination. The large number proved that the Cedar Revolution was still fresh in the minds of the people, especially when the crowds turned the commemoration into a defiant opportunity to blame Syria and Hezbollah for Lebanon's problems. The demonstrators fell silent at exactly 12:55 PM, the time of the explosion that killed Hariri. Only the muezzin making the Islamic call to prayer and the solemn tolling of church bells could be heard, a refreshing reaffirmation of the coexistence that can be possible in Lebanon.¹⁵

¹⁴ Foreign Affairs.org, <http://www.foreignaffairs.org/20070101faessay86110/peter-r-neumann/negotiating-with-terrorists.html> (accessed December 10, 2007).

¹⁵ Wikipedia, http://en.wikipedia.org/wiki/Cedar_Revolution (accessed August 1, 2007).

As portions of the Lebanese people have begun to mend their differences, there are still those that are left with grievances. Lebanon is home to more than 350,000 Palestinian refugees, some 215,000 of whom live within what are known as camps. The camps themselves are, in reality, urban agglomerations whose alleys, through decades of tragedy and frustration, have grown into warrens of fanaticism. They are cities unto themselves, but cities set aside from any form of Lebanese political or institutional control. They consist of the descendants of those who fled from the British Mandate of Palestine during the 1948 Arab-Israeli War. As in many other Arab countries, Lebanese citizenship is unavailable to these Palestinians, and many are banned from all but menial jobs in Lebanon, forcing them to mostly live off aid provided by the United Nations. In 1962, Palestinians were categorized as foreigners in Lebanon, regardless of how long they had lived there. Non-Lebanese, which included the refugees, were restricted from working in over 70 skilled professions until 2005, when new legislation officially opened to them 50 of these jobs.

2. Politics

Due to its sectarian diversity, Lebanon follows a special political system, known as confessionalism. This system of government was devised to distribute power as evenly as possible among different sects and to facilitate the interaction of all of Lebanon's cultural diversity. It has been seen by many as a failed system that is unable to work during times of crisis.¹⁶ The system, set in place by the unwritten "National Pact," attempts to fairly represent the demographic distribution of the various religious sects within the political system. In addition to the religious separation of power at the top levels of government, distribution of the 128 parliamentary seats is divided in half between Muslims and Christians. Prior to 1990, the ratio stood at 6:5 in favor of Christians; however, as mentioned earlier, the Taif Accord adjusted the ratio to grant equal representation to

¹⁶ *Lebanon's Confessionalism: Problems and Prospects*, www.usip.org (accessed July 13, 2007).

followers of both religions.¹⁷ According to the constitution, direct elections must be held for seats in parliament every four years, although for much of Lebanon's recent history civil war precluded the exercise of this right. After Parliamentary elections, the Parliament elects the president for a non-renewable six-year term. The President then will appoint the Prime Minister based upon the nomination of the parliament. Following consultations with the parliament and the President, the Prime Minister will form the Cabinet, which also adheres to a sectarian distribution that is established by confessional system of governance.

Lebanon's judicial system is based on the Napoleonic Code. Juries are not used in trials. The Lebanese court system consists of three levels: Courts of First Instance, Courts of Appeal, and the Court of Cassation. Additionally there is a system of religious courts that have jurisdiction over personal status matters within their own communities. These courts rule on matters such as marriage, divorce, and inheritance. Lebanon also has a system of military courts that has jurisdiction over civilians for crimes of espionage, treason, and other crimes considered to be security-related. These military courts have at times been criticized by human rights organizations.

3. Economy

Of all the Arab nations, Lebanon has clung tightly to its roots within the Ottoman Empire tradition. Paradoxically, it is also the one country in the Middle East that is the most receptive to western values.¹⁸ Today Lebanon's economy has followed in step with their past preferences of favoring strong fiscal and monetary freedoms, as well as developing a labor market that is highly flexible. Additionally, corporate tax rates and inflation are relatively low. The financial sector was well developed prior to the civil war and has since developed again

¹⁷ United States Institute of Peace, http://www.usip.org/pubs/usipeace_briefings/2006/0330_lebanon_confessionalism.html (accessed July 27, 2007).

¹⁸ Elizabeth Picard, *Lebanon: A Shattered Country. Myths and Realities of the Wars in Lebanon, Revised Edition*, (London: Homes and Meier, 2002).

into an able-bodied system aligned to fit the demands of the region, including a range of private banks and services.¹⁹ However, freedom to conduct business, investment opportunities, and property rights are mired by a layer of corruption that permeates the Lebanese countryside. Intrusive bureaucracy makes doing business in Lebanon more difficult because of the need to raise larger sums of capital in order to just start a business. More significantly, the generally chaotic regulatory regime deters much needed foreign capital from entering the country. Fair adjudication of property rights are not guaranteed because the Lebanese courts are subject to significant influences from the Lebanese security services as well as the police. In order to create a more productive and stable business environment, it is essential that Lebanon work diligently on improving its ability to stamp out fraud.²⁰

Until the Lebanese Civil War between 1975 and 1990, the country had enjoyed relative calm and prosperity. Tourism, agriculture, and banking all promoted an economy that made it known as the banking capital of the Arab world and the "Paris of the Middle East."²¹ Before the war, Lebanon had a competitive and free market environment and a strong laissez-faire commercial tradition. There were no restrictions on foreign exchange or capital movement. Bank secrecy was strictly enforced, although Lebanon has recently adopted new laws to combat money laundering. There were practically no restrictions on foreign investment, and currently there are no country-specific U.S. trade sanctions against Lebanon.

The 1975-1990 civil war seriously damaged Lebanon's economic infrastructure, cut national output by half, and all but ended Lebanon's position as a Middle Eastern banking hub. The subsequent period of relative peace enabled the central government to restore control in Beirut, begin collecting taxes, and

¹⁹ The Heritage Foundation, Index of Economic Freedom, <http://www.heritage.org/research/features/index/country.cfm?id=Lebanon> (accessed August 9, 2007).

²⁰ Ibid.

²¹ gonomad.com, *Lebanon: Treasure of the Middle East* (accessed July 13, 2007).

regain access to key port and government facilities. Furthermore, economic recovery has been helped by a financially sound banking system and resilient small- and medium-scale manufacturers, with family remittances, banking services, manufactured and farm exports, and international aid as the main sources of foreign exchange. Real GDP expanded by 23% between 1994 and 1997.²²

Immediately following the end of the civil war, there were extensive efforts to revive the economy and rebuild the national infrastructure. By early 2006, a considerable degree of stability had been achieved throughout much of the country, Beirut's reconstruction was almost complete, and an increasing number of foreign tourists were beginning to head towards Lebanon's resorts. But when fighting began in July of that year, the U.S struggled to get as many as 10,000 Americans out of the country. After only a month of fighting, Lebanon suffered significant damage to businesses and infrastructure.

The Beirut airport (Rafiq Hariri International Airport) was able to re-open in September 2006, and the efforts to revive the Lebanese economy have been proceeding slowly. Major contributors to the reconstruction of Lebanon include Saudi Arabia and the European Union as well as money from all parts of the world.²³ Lebanon's recent economic history has been a series of taking one step forward and two steps back. Yet, there is still promise for a bright future if peace can be maintained within this tumultuous area of the world.

U.S. concern and involvement has also been significant. A program of relief, rehabilitation, and recovery has been in force from 1975 to 2005 and has totaled more than \$400 million in aid to Lebanon. For relief, recovery, rebuilding, and security in the wake of the 2006 war, the U.S. Government substantially

²² Teacher Link, <http://teacherlink.ed.usu.edu/tresources/reference/2001WorldFactbook/LEBANON.PDF> (accessed July 27, 2007).

²³ Presidency of the Council of Ministers, Rebuild Lebanon, Human, Economic and Infrastructure Recovery, http://www.rebuildlebanon.gov.lb/images_Gallery/Paris%20III-Second%20Progress%20Report.pdf (accessed July 27, 2007).

stepped up this program, pledging well over \$1 billion in additional assistance for the 2006 and 2007 fiscal years. This support reflects not only humanitarian concerns and historical ties but also the importance the United States attaches to sustainable development and the restoration of an independent, sovereign, unified Lebanon. Some of this current funding is used to support the activities of U.S. and Lebanese private voluntary organizations engaged in rural and municipal development programs nationwide, improve the economic climate for global trade and investment, and enhance security and resettlement in south Lebanon. The U.S. also supports humanitarian demining and victims' assistance programs.²⁴

4. Culture

Modern Lebanon has been for thousands of years enriched by a varied cultural infusion of civilizations. Usually one looks to the past to garner some sense of a people's identity, yet in Lebanon even this has proven contentious. Official public schools serve only 46% of the population. This lack of a comprehensive public education program is a vulnerability that Hezbollah has been able to successfully exploit by providing the schooling as well as various other services that the people would otherwise go without, if left to rely upon the Lebanese government. Within Lebanon there are over 20 different histories presented in Lebanese school books. This creates a system that is highly selective and contradictory, showing that even history can be in a state of war.²⁵

Originally home to the Phoenicians, the land was subsequently conquered and occupied by the Assyrians, the Persians, the Greeks, the Romans, the Byzantines, the Arabs, the Ottoman Turks, and most recently, the French. Through the millennia, the Lebanese culture has evolved by borrowing from all of these groups. Lebanon's diverse population composed of different ethnic and

²⁴ U.S. Department of State, *Background Note: Lebanon February 2007* (accessed July 13, 2007).

²⁵ Elizabeth Picard, *Lebanon: A Shattered Country*, (New York: Homes & Meier, 2002), 1.

religious groups had contributed to a country of prosperity. Compared to the rest of the Middle East, the Lebanese people as a whole are well educated. As of 2003 87.4% of the population was literate despite only 43% of the children enrolled in public schools.²⁶ Part of the gap is explained through the success of Hezbollah-funded schooling in southern Lebanon. Lebanese society is also very modern in relation to the rest of the world, and has similarities to other western cultures in addition to traditional Arab cultures in the Mediterranean region. Lebanon also has a distinctive fusion of Christian and Islamic traditions that have been created by serving as a gateway between the Middle East and the Western World. Arabic is the official language of Lebanon, but French is widely spoken, as well as English (especially among university students) and Armenian.²⁷

No official census has been taken since 1932, reflecting the political sensitivity in Lebanon over confessional (i.e., religious) balance. Over the last forty years, higher birth rates in the Shiite community, coupled with the influx into Lebanon of some 300,000 Palestinians, has caused the Muslim community to swell. Complicating matters, Palestinians, as mentioned earlier, have been denied citizenship and the right to work in all but the lowest paid jobs. By 1970, it is estimated that Muslims comprised over 60 percent of the total population, and by 1975, Muslim leaders were pressing for government representation that matched their larger numbers. Today, estimates are as high as almost 75% of the population is Muslim (40% Shia, 27% Sunni, 7% Druze), and only about 25% are Christian. Additionally, a small Jewish minority lives in central Beirut, while small populations of Kurds and Arab Bedouins live in the Bekaa and Wadi Khaled regions.

²⁶ CIA Factbook, *Lebanon* (accessed August 7, 2007).

²⁷ Ibid.

Contemporary Distribution of Lebanon's Main Religious Groups

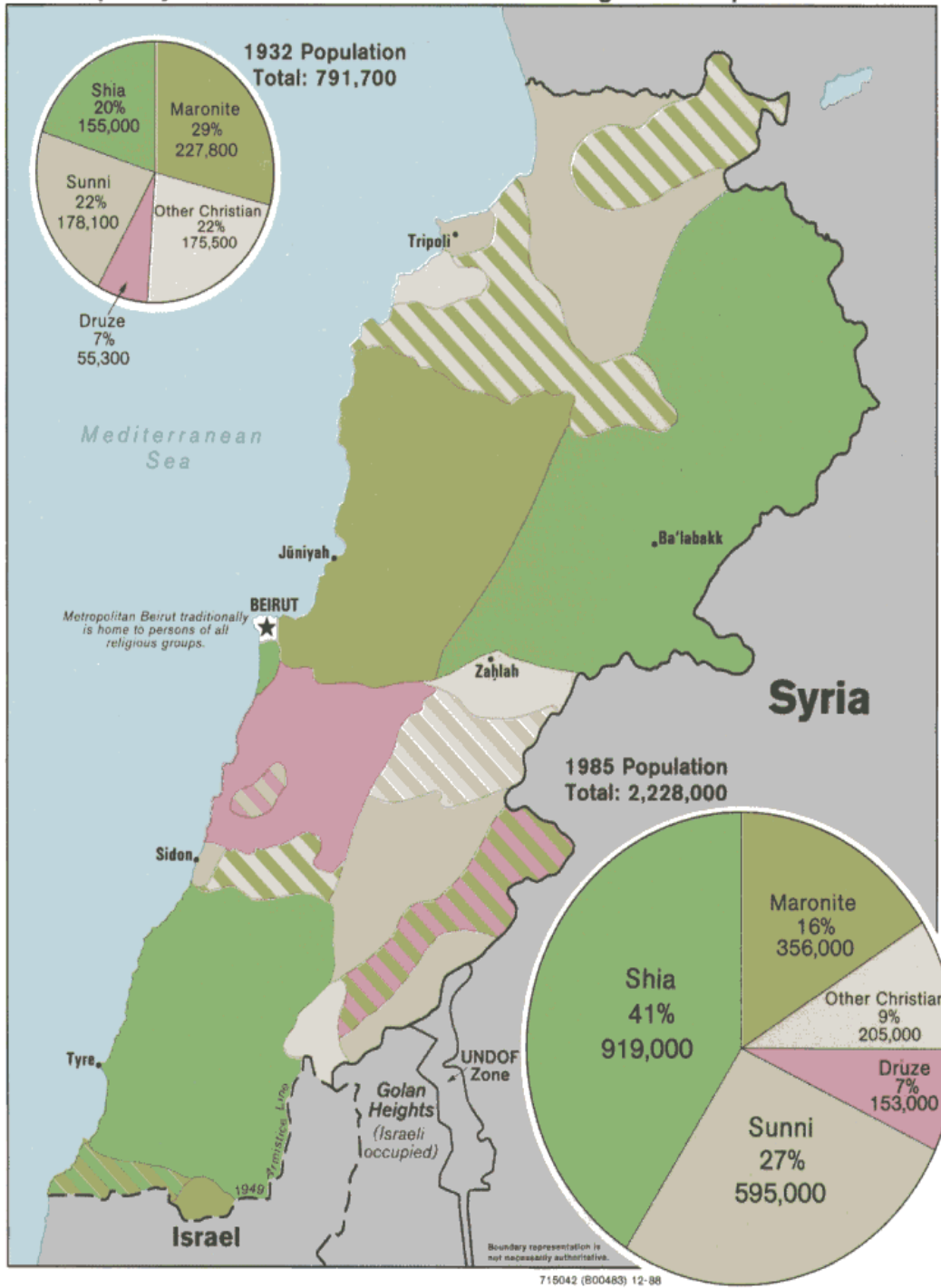


Figure 2. Contemporary Distribution of Lebanon's Main Religious Groups (From: Global Security.com²⁸)

²⁸ Global Security.com, (accessed December 8, 2007).

D. THE LEBANON OF TODAY

Lebanon is still struggling to pick up the pieces and put their country back together again. Luckily from an international perspective, the world is eager to restore the nation of Lebanon as well. Pledges from the Paris III Conference held in January of 2007 have reached almost 8 billion US dollars in aid for Lebanon. For Lebanon's own part, they have pledged to push stronger steps towards good governance by stemming internal corruption. This pledge may be intended to convince other nations that investing in the Lebanese reconstruction will be politically and financially worthwhile. In reality, cash assistance from other nations has arrived at a slow pace. Clearly, nations and international corporations both desire to see some tangible progress prior to diving into a Lebanese reconstruction effort that will simply be wasted capital.²⁹

The international community is wary for a number of reasons, part of which is based upon the large sums of money that have already been given to Lebanon. A 2007 report, about Lebanon, published in the *Managerial Auditing Journal* found a significant "reasonableness gap" between the auditors' understanding of their profession compared with the perceptions of those they were auditing, particularly in respect of fraud detection. The overall perception was a weak image of the Lebanese accounting profession compared with worldwide audit practices or with the technical qualifications of their auditors.³⁰

In December of 1996, an international meeting to help Lebanon was held at the State Department in Washington. Representatives of international organizations, financial institutions, and businesses of more than thirty countries attended the conference. Many of the participating countries pledged financial and/or technical help for Lebanon, which badly needed the fiscal assistance to sustain reconstruction and development as well as manage the public debt. The

²⁹ Yusuf Munir Sidani, "The audit expectation gap: evidence from Lebanon," *Managerial Auditing Journal*, Emerald Group Publishing Limited, vol. 22 Issue 3 (2007): 288 – 302.

³⁰ Ibid.

initial U.S. meeting in 1996 was quickly followed by two major conferences in Paris, respectively known as PARIS I and PARIS II, which were held subsequently to request further help from the international community.

PARIS I, held on February 27, 2001, was headed by then Prime Minister Hariri, and attended by French President Chirac, EU Commissioner Romano Prodi, World Bank President James Wolfensohn, European Investment Bank Vice-President Francis Meyer, French Finance Minister Laurent Fabius, and other prominent European, French and Lebanese officials. Prime Minister Hariri presented an economic reform program that was based on several basic elements. These were to stimulate and modernize the economy, then modernize the tax system, ensure the structural improvement of general public finances, and preserve monetary, financial, and price stability. Prime Minister Hariri left the conference with great optimism. The Lebanese government's reform program had won the support of those at the conference. As a result, the World Bank and the European Investment Bank agreed to provide Lebanon with 500 million Euros to finance their development projects.³¹

Paris II, entitled "After Construction and Recovery, Toward Sustainable Development," began a few months later on November 23, 2002. This conference was also attended by key officials from several countries and multinational institutions. This conference's objectives were similar to Paris I, yet a little more specific. The Lebanese representatives were, of course, seeking the financial support of the international community, but this time they requested help to alleviate Lebanon's burdensome public debt as well as to reverse the macroeconomic and fiscal imbalances of the Lebanese economy. In the end, the help would consist of extending long-term financing at interest rates significantly lower than rates the government had borrowed in the domestic and international markets. Results of the conference were again very successful; \$10.1 billion in grants and loans resulted from Paris II.³²

³¹ For Lebanon, <http://www.forlebanon.net/bio.htm> (accessed August 31, 2007).

³² Ibid.

War has caused much of Lebanon's economic need, yet political strife may hinder any additional help. The Paris III conference (which was recently conducted in 2007 as a result of the 2006 war) was not only a plea for international assistance, but also an attempt to stem corruption within Lebanon. Recently (August 15, 2007), the international investment bank Citigroup warned "that the optimism that followed [a] Paris III donors' conference...may fade away, due to the continuous internal political bickering which is paralyzing the Lebanese government's work and business activity in Beirut."³³

The Paris III reform program again offered a hopeful way out of a mountainous debt. However, this time around (as opposed to Paris I & II), the International community had hoped that spending priorities and structural policy made by the Lebanese government would be more efficient. The International Monetary Fund concluded that the success of Paris III would depend on timely financial disbursements as well as improvements in the fiscal situation. This in turn, could provide an excellent opportunity to reform monetary policy instruments as well. Most importantly, for any progress to be made, the ongoing political stalemate and recurrent outbreaks of violence would need to be curbed in order for the nation to be led into economic recovery.

However, economic recovery and future peace in Lebanon seem to go hand in hand. In order for the Paris III Program to be implemented, there is a requirement for a restoration of the foundations for solid growth that would include a systematic reduction of corruption throughout all layers of government. As government increases its efficiency, it can utilize the additional revenue to more efficiently distribute government services evenly across the country. Specifically, the Paris III implementation strategy equates to a needed fiscal shot in the arm, but if it is too effective, any money received must be used in the most efficient means possible. Included are measures that are equivalent to

³³ The Daily Star, Business Articles
http://www.dailystar.com.lb/article.asp?edition_id=1&categ_id=3&article_id=84544 (accessed August 29, 2007).

approximately ten percent of the Lebanese GDP over a five year period. At the same time, restored confidence, produced through structural reforms, would in parallel contribute to improved GDP growth. To enhance the chances of success further, the most important step will be to ensure that reforms are properly sequenced so that new policies are able to reinforce each other.

As noted earlier, timely and flexible disbursement of Paris III pledges are important elements to the road to economic recovery. Some progress has been made in the release of funds from certain key donors, and negotiations are still under way with others. Public and political support will need to be mobilized to sustain reform and adjustment over the medium term. The financial support of the international community (through a phased disbursement of financial assistance) provides incentives for successive governments to continue on a path of reform. However, unless these reforms also enhance social and economic conditions for the population at large, it may prove difficult to maintain the momentum for reform. The sustainment of high economic growth is vital, but the most vulnerable of the Lebanese people (particularly the lower classes of Shia in southern Lebanon) will also need to be protected by an effective social safety net.³⁴ In the business environment there has been some reduction of red tape, streamlining business licensing procedures and targeting improvements in public services to enterprises. Reducing the costs of doing business is an important factor in the development of a sound economy. These measures can be more easily implemented through the more rigid use of accounting standards. Simply stated, the development of stronger institutional mechanisms will improve the control over budgetary outcomes and the quality of spending.

Additionally, planned reforms in public financial management will help enhance the effectiveness of these new policies. The planned establishment of debt management institutions within the ministry of finance should contribute to

³⁴ Republic of Lebanon, Ministry of Finance, <http://www.finance.gov.lb/NR/rdonlyres/89C37627-828E-4626-9F00-9A6498BB4082/0/ParisIIIEngVersion.pdf> (accessed August 9, 2007).

lowering the government's debt service burden. Again, these must be strengthened through the rigid use of accounting measures. The direction of scarce public resources needs to be spread evenly throughout the countryside, as well as a reduction in the inefficiencies of public financial management.³⁵

Much work must be done to push and sustain the Lebanese economic revival, but if a critical mass of reform can be reached, then there is much reason for hope for Lebanon. Malcolm Gladwell in *The Tipping Point* gives us a glimpse of the kind of quick change that can occur when a reform or policy reaches what Gladwell calls a critical mass. The title, which comes from the world of epidemiology, describes that moment in an epidemic when a virus reaches critical mass. It is “the boiling point.” This tipping point concept is also similar to the point on a graph when a line begins to curve exponentially upward. The AIDS epidemic “tipped” in 1982, when it went from a rare disease affecting a few gay men to a worldwide epidemic. Crime in New York City “tipped” in the mid 1990's, when the murder rate suddenly plummeted. The main thought that is portrayed in the book is: What if everything has a tipping point? If this is indeed true, we could look for “tipping points” in places like business and social policy, or in advertising. So indeed, in Lebanon, America must strive to find the “tipping point” that will help to establish a stable democracy rather than fuel the flames of hatred. Through these measures, the Lebanese economy can again rise to be an Arab model of success well into the 21st century.³⁶

Admittedly, to this point, even the Lebanese Ministry of Finance has stated that the lessening of corrupt of practices will be an obvious prerequisite for investment and growth.³⁷ Acknowledgment that good governance should begin with public service is one approach that the Lebanese government is trying to put

³⁵ International Monetary Fund, <http://www.imf.org/external/np/ms/2007/052807.htm> (accessed August 15, 2007).

³⁶ Malcolm Gladwell, *The Tipping Point: How Little Things Can Make a Big Difference* (New York, Little Brown and Company, 2000).

³⁷ Republic of Lebanon, Ministry of Finance, <http://www.finance.gov.lb/NR/ronlyres/89C37627-828E-4626-9F00-9A6498BB4082/0/ParisIIIEngVersion.pdf> (accessed August 9, 2007).

into practice throughout the country.³⁸ Many, to include both Shia and Palestinians in southern Lebanon, have been ignored in economic terms. This enabled organizations, such as, Hezbollah, to step in and provide services to the population that has been relatively ignored, thus undermining the government's legitimacy while building their own. In order to improve matters, the Office of the Minister of State for Administrative Reform (OMSAR) has prepared an administrative reform strategy that addresses the core functions required of a modern state. The strategy articulates several objectives that cut across all parts of the Lebanese government. The aim is to create a more transparent, accountable and effective public administration that is sensitive to the needs of the people. The stated goals of the government are the development and establishment of a modern management capacity in key administrations such as the central control and oversight agencies; reduction in the size and cost of the public administration through streamlining public organizations; modernizing legislation especially those related to public procurement and accounting; and finally the promotion of a citizen-oriented administration that is simplified through implementation of basic general procedures in addition to the advancement of new technology known as e-Government.³⁹

Through the objectives of greater accountability and better governance, the Lebanese government has approved, and forwarded to the parliament, a draft law aimed at the hiring of international and reputable firms to audit public finances and public enterprises. Since the risk of corruption is perceived to be prevalent principally in large infrastructure and public procurement projects, meeting these new requirements should provide a more efficient use of public funds while at the same time enhancing transparency. Once these reforms are successfully implemented, Lebanon can properly fall in accordance with

³⁸ Republic of Lebanon, Ministry of Finance, <http://www.finance.gov.lb/NR/ronlyres/89C37627-828E-4626-9F00-9A6498BB4082/0/ParisIIIEngVersion.pdf> (accessed August 9, 2007).

³⁹ Ibid.

international business standards. Fighting corruption will also require the empowerment of state watchdog institutions that can enforce the new rules against senior public officials.⁴⁰

E. HEZBOLLAH, A SIGNIFICANT HURDLE



Figure 3. Hezbollah Flag (From: Defencetech.org⁴¹)

Hezbollah is one of the most successful terrorist organizations throughout the world. Through the use of insurgent warfare, they have managed to drive out several armed forces that are significantly better equipped than they are. As will be examined later in the study, both the United States, and Israel have fallen into a quagmire between rhetoric and action in their confrontations with the organization. Hezbollah is a guerilla organization substantially influenced and supported by states such as Syria and Iran, receiving financial resources from individuals worldwide who are sympathetic to the cause of the organization.⁴² Hezbollah's cause is based upon combating Western influence, including Israel, with intentions of not only forcing their influence from Lebanon, but also from the

⁴⁰ Republic of Lebanon, Ministry of Finance, <http://www.finance.gov.lb/NR/rdonlyres/89C37627-828E-4626-9F00-9A6498BB4082/0/ParisIIIEngVersion.pdf> (accessed August 9, 2007).

⁴¹ Military.com, Defenetch.org (accessed December 8, 2007).

⁴² Edwin O. Rueda, *New Terrorism? A Case Study of Al-Qaida and the Lebanese Hezbollah*, (Monterey, CA: Naval Postgraduate School, 2001).

entire Middle East. In an "Open Letter," the organization's manifesto was published by the Lebanese daily Al-Safir on February 16, 1985. It emphasized "the necessity for the destruction of Israel," as well as Hezbollah's other goals for an Islamic regime in Lebanon. These include laws based on Shariah and a call for non-Muslims to "embrace Islam." Although, Hezbollah has stated that they no longer see the possibility of a purely Islamic state, showing that Hezbollah is willing to accept the current realities in Lebanon, their initial goals are unlikely to have strayed far from their current beliefs.⁴³

The roots of their cause are solidified by their influence in ending a hated occupation of Lebanon, and more importantly the social services they provide from the southern suburbs of Beirut, down through the Bekaa Valley, and into the southern region of Lebanon, which encompasses approximately 250 small villages.⁴⁴ For most Lebanese people, Hezbollah is far from a terrorist organization. They believe the organization's political goals are clear, while terror is defined more as a military tactic. It is simply a means to accomplish finite goals, and casualties are simply an unavoidable byproduct of those necessary tactics.

⁴³ The New York Sun, <http://www.nysun.com/article/37184> (accessed August 15, 2007).

⁴⁴ Adam Shatz, *In Search of Hezbollah*, The New York Review of Books, vol. 51, no. 7, April 29, 2004.

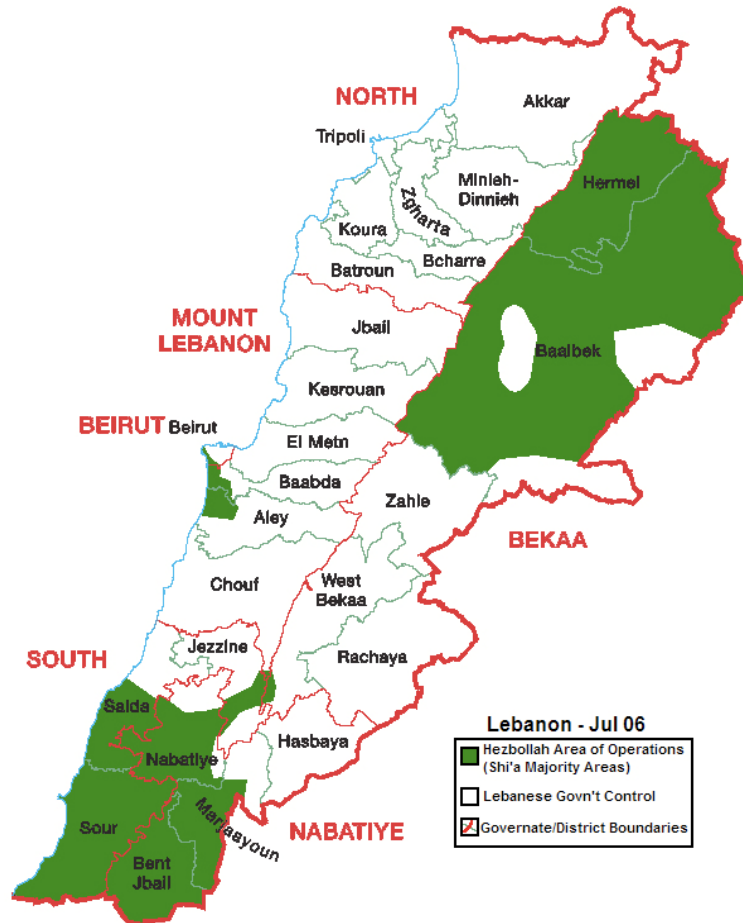


Figure 4. Hezbollah Area of Operations (From: Republicupdate.com⁴⁵)

Throughout the 1980's, various minority Shia formed militant groups that would eventually unite into an overarching umbrella known as Hezbollah. Specifically, Hezbollah's armed wing was organized to fight Israeli forces that invaded Lebanon in 1982, but their anger quickly turned towards U.S. troops who were sent as peacekeepers. A Hezbollah suicide bombing killed 241 Marines in October 1983 (the greatest loss of life imposed upon the American military since the Second World War), eventually prompting U.S. forces to withdraw from the country.⁴⁶ This event followed by the quick American exit had significant

⁴⁵ Republicupdate.com (accessed December 8, 2007).

⁴⁶ The Washington Post, <http://www.washingtonpost.com/wp-dyn/content/article/2006/07/17/AR2006071700912.html> (accessed November 5, 2007).

influence. Hezbollah would rise to be a dominant force for years to come through a perception that they were successfully defending Islamic lands from foreign colonial powers.

Most recently, in their 2006 war with Israel, Hezbollah held their own and again won the admiration of millions of Muslims by fighting off the Israeli Defense Forces for more than four weeks. Hasan Nasrallah, its current leader, was quick to claim victory on Hezbollah's own al-Manar network as well as the popular al-Jazeera. In an Egyptian-based survey, Nasrallah topped the survey of prominent public figures ranked by perceived importance. Particularly interesting was that in the same survey none of the current heads of Arab states had been ranked highly in perceived importance. The survey results suggested that these leaders are often seen as autocratic, corrupt, inept, or all of the above.⁴⁷

It can be argued that ill conceived Western policy has actually created a bridge between deep divides within Islam. Contrary to our attempts to bring democracy to the Middle East, we often sow seeds of hate without even realizing the results of our actions. Outside of Lebanon, an example of this is the hatred inspired by American forces being staged on Saudi Arabian soil during the First Gulf War that initially inspired Osama Bin Laden. The United States perpetuates its bad reputation by often following a double standard. Past American presidents have spoken of bringing democracy to the Middle East while at the same time supporting the dictatorships that are willing to fall in line with American interests. While the degree to which this has happened has varied among different American administrations, there has been no real shift in American Foreign policy in this regard for the last fifty years. In the past it was the Shah in Iran, followed by Saddam Hussein after relations with Iran soured. Today we support King Abdullah of Saudi Arabia, Islam Karimov of Uzbekistan, and Pervez Musharraf of Pakistan. Concurrently, we denounce the elected government of Hamas or chide the elected officials of Hezbollah. Although there is reason for

⁴⁷ Saad Eddin Ibrahim, "The 'New Middle East' Bush is resisting," *Washington Post*, August 23, 2006.

grave concern in how these organizations operate, we must at the same time be aware of the double standard that the US has presented to the Islamic world.⁴⁸

F. WHY DOES HEZBOLLAH SUPPORT SOCIAL PROGRAMS?

Long term objectives of Hezbollah from the beginning have been for the annihilation of Zionism, defense against western colonial influences, and the establishment of an Islamic state. Also included in their list of goals is the easing of oppression and suffering of the Islamic community worldwide.⁴⁹ Hezbollah has also developed short-term objectives that are more pragmatic and understanding of the regional and international political and strategic environment. While the destruction of Israel and the ability to mold Lebanon as a purely Islamic state are not currently realistic goals, the group has focused more energy on practical matters such as survivability and the search for greater popular support.⁵⁰

Hezbollah's provision of social programs may prove to be the tipping point for their goals of legitimacy. Not only has it created a larger constituency, but it has also aided in the development of a competitive political component in Lebanon, and throughout the world with cells that operate in Canada, Europe, and several South American countries.⁵¹ Additionally, it can be argued that the Israeli invasion of Lebanon in 2006 has only aided Hezbollah because the devastation caused by Israel to much of Lebanon has provided the opportunity for Hezbollah to take credit for rebuilding southern Lebanon while at the same time blaming Israel for causing the devastation.⁵²

⁴⁸ Akbar Ahmed, *Journey into Islam*. (Washington, D.C.: Brookings Institute Press, 2007).

⁴⁹ Augustus Richard Norton, *Hezbollah: A Short History*, (Princeton, NJ: Princeton University Press, 2007).

⁵⁰ Edwin O. Rueda, *New Terrorism? A Case Study of Al-Qaida and the Lebanese Hezbollah*, (Monterey, CA: Naval Postgraduate School, 2001).

⁵¹ Anti-Defamation League, http://www.adl.org/main_Terrorism/hezbollah_overview.htm?Multi_page_sections=sHeading_7 (accessed December 5, 2007).

⁵² Jim Quilty and Lysandra Ohrstrom, *The Second Time as Farce: The Middle East Report* 243, Summer 2007.

The Lebanese government has historically offered limited social services for its Shia citizens in southern Lebanon. Many of these services tend to be located in predominantly Shiite areas, but Hezbollah makes a concerted effort not to discriminate, thus employing a consistent effort to serve anyone that requests their help.⁵³ In many rural areas throughout Lebanon, per capita income is only one fifth to one sixth of the national average.⁵⁴ The lack of state-provided social services, coupled with limited or no welfare programs that provide safety netting for the general populace, have created a population susceptible and willing to be influenced by an organization that helps them with life's daily troubles. Hezbollah has thus stepped in to offer an array of social services to needy constituents who otherwise are neglected by the Lebanese government. These services include construction companies, schools, hospitals, dispensaries, and even micro-finance initiatives.

While popular support is significant, Hezbollah does not have the resources to cover all the costs associated with the wide array of services they provide. The funding of these services, from trash pickup to significant medical infrastructures, are raised domestically, but a much larger proportion comes from abroad, primarily because Hezbollah is not the government and thus is unable to tax. In order to survive, Hezbollah receives significant subsidies from Iran and Syria. So much so, that the organization is often seen as a mere proxy for Syrian and Iranian foreign policy.⁵⁵ The group freely admits that it gets much of its funding from Iran, but is hesitant to be specific about the amount of aid it receives. Diplomatic sources estimate that this funding could range somewhere between \$20 million to \$40 million per month.⁵⁶ Additionally, they have sought other measures to ensure their financial stability investing their resources in all

⁵³ Harper's Magazine, <http://www.harpers.org/archive/2007/03/sb-augustus-no-1173896326> (accessed October 25, 2007).

⁵⁴ Ibid.

⁵⁵ Edwin O. Rueda, *New Terrorism? A Case Study of Al-Qaida and the Lebanese Hezbollah*, (Monterey, CA: Naval Postgraduate School, 2001).

⁵⁶ ABC News, abc.com, <http://www.abcnews.go.com/WNT/Mideast/story?id=2189860> (accessed November 3, 2007).

aspects of the economy. These investments include investment portfolios, cooperative supermarkets, real estate, bookshops, stationers, farms, fisheries, textiles, and bakeries.⁵⁷ In the end, Hezbollah has shaped a rich fabric of social services and charitable work. It has provided an excellent source of aid that meets the basic needs of a Shia population who would otherwise find themselves impoverished and with little hope.

As mentioned earlier, this social fabric was put to the test in 2006 by Israeli attacks that targeted broad swaths of southern Lebanon, laying waste to homes and infrastructure. Some have charged Israel with "excessive, indiscriminate and disproportionate use of force" during the conflict.⁵⁸ The war caused an estimated 1,191 deaths in Lebanon and damaged some 30,000 homes.⁵⁹ The severe, extensive damage initially overwhelmed many services, but Hezbollah's prompt actions were quick to revitalize these social services, as well as compensate those who had lost their homes. Hezbollah recognized the need to meet the needs of the civilian population caught in the middle of conflict. This is a vivid example of the competence and professionalism that indeed has won the hearts and minds of many Lebanese. In the end, the general feeling among most of the poor in southern Lebanon can be summed up by one Lebanese citizen, "Hezbollah is doing all the things for the people. I don't know where the government is." It has become apparent that there has been a void left by the state of Lebanon, and Hezbollah has managed to fill that void.⁶⁰

Although there seems to be some friction between Hezbollah and Palestinians living within Lebanese refugee camps, it can still be said that Hezbollah, over the years, has developed more support for the Palestinians living

⁵⁷ Edwin O. Rueda, *New Terrorism? A Case Study of Al-Qaida and the Lebanese Hezbollah*, (Monterey, CA: Naval Postgraduate School, 2001).

⁵⁸ CCN.com, <http://www.cnn.com/2006/WORLD/meast/07/24/schuster.hezbollah/index.html> (accessed October 25, 2007).

⁵⁹ AlertNet.org, Reuters Foundation, <http://www.alertnet.org/thenews/newsdesk/L01838471.htm> (accessed November 3, 2007).

⁶⁰ CCN.com, <http://www.cnn.com/2006/WORLD/meast/07/24/schuster.hezbollah/index.html> (accessed October 25, 2007).

in occupied territories. By using their proven method of supporting the needs of the population, particularly the Shia Palestinians, they are broadening their support throughout the Middle East and the world. Their expansion has been pushed by their desire to be seen by the world as a legitimate actor and advocate for all groups that face injustice. Although they have lofty goals, Hezbollah actually remains a serious threat to established governments in both Lebanon and the Middle East.⁶¹

G. WHY DOES THE LEBANESE GOVERNMENT IGNORE THE POOR OF SOUTHERN LEBANON?

In Lebanon, there is a weak central government, currently susceptible to insurgent efforts as they struggle to maintain their legitimacy as a governing power. On the other hand, there lies the mixed political/terrorist group Hezbollah, which is also battling for its own legitimacy in an attempt to control the country. To some degree, Hezbollah may coerce popular support, but they have mainly chosen to provide much needed services and infrastructure to the poorer citizens of southern Lebanon in order to maintain a solid level of popularity. Thus, Hezbollah dominates life in Southern Lebanon. Yet, why has the Lebanese government resigned to simply allow Hezbollah to provide the services that they themselves should be providing in the southern part of their country?

The Lebanese government has produced over the years an uneven distribution of funds throughout their country that has been primarily controlled by specific families.⁶² Once more, officials have acknowledged that rebuilding efforts in the most badly damaged areas of southern Lebanon are a fault that the Lebanese government has yet to overcome.⁶³ What is apparent is that if you live

⁶¹ William D. Casebeer, and Timothy A. Kraner, *Using Innovations in Social Movement Theory to Understand and Influence Hizballah's Developmental Trajectory: Strategic Insights*, vol. IV, Issue 5, Center for Contemporary Conflict, (Monterey, CA: Naval Postgraduate School, 2005).

⁶² Jim Quilty and Lysandra Ohrstrom, "The Second Time as Farce: Stories of Another. Lebanese Reconstruction," *The Middle East Report* Summer 2007, 243.

⁶³ Ibid.

in the right neighborhood (one that is of the correct political and ethnic persuasion) then you will be provided with funds for rebuilding. Money that is provided for reconstruction by other countries through the Lebanese government only slowly (if at all) works its way to the poorer Shia communities. At stake is control over volatile pieces of real estate, some of which sit directly next to the Israeli border. Although the state is the primary distributor of donated funds, Iran and Qatar have decided to directly supervise their own contributions to Lebanon due to their own lack of trust in the Lebanese government's efficiency.⁶⁴ Since Iran has decided to distribute funds directly to needy communities through Hezbollah, it is very difficult to estimate how much they have donated and to what extent their aid supports the military rebuilding of Hezbollah guerilla forces.

In the last year, Iran and Qatar have spent millions of dollars, particularly within southern Lebanon. Unfortunately, in the eyes of many Lebanese, particularly of those that are less fortunate in Southern Lebanon, their own government has done little in rebuilding their portion of the country. Even those projects that are sponsored by the government are often tied to Hezbollah in a manner that Hezbollah receives the credit associated with the project.⁶⁵ The Lebanese government's lack of action in trying to re-establish or repair any of the country's infrastructures in Southern Lebanon creates the perception that the Lebanese government has no real interest in the lives of those who live there. As a result, the general feeling among many rural and southern Lebanese is that the Lebanese government is unconcerned about their lives.⁶⁶ Moreover, there are rampant accusations of the government slowing down payments it has collected from international donors. At best, the government's response, as summed up by an aide to Prime Minister Siniora, can only be an acknowledgment that the government has been struggling to gain the edge in the

⁶⁴ Jim Quilty and Lysandra Ohrstrom, "The Second Time as Farce: Stories of Another. Lebanese Reconstruction," *The Middle East Report* Summer 2007, 243.

⁶⁵ Ibid.

⁶⁶ Ibid.

public relations battle over the reconstruction, but the red tape and bureaucracy are formidable.⁶⁷ What is heard, by those still waiting for help is that corruption must yet be overcome.

H. IS IT TOO LATE TO MARGINALIZE HEZBOLLAH?

Tied to whether or not it is too late to marginalize Hezbollah is the question posed in the previous section: Is the current political system able to deal with its own levels of corruption? If corruption can be reduced and a more efficient method of resource allocation follows, there will be a plethora of options available to the Lebanese government. As efficiency increases and a wider distribution of the nation's resources are spread throughout Lebanon, the government slowly builds its legitimacy with those previously disenfranchised. This, coupled with a carefully crafted message that brings in the Shia community, will simultaneously work to marginalize the military wing of Hezbollah. Hezbollah relies heavily on the support of the Shia population in Southern Lebanon.⁶⁸ If support is slowly shifted back to the central government, Hezbollah's power will fade.

Simultaneously, significant actors, inside and out of Lebanon, have either ignored or encouraged this process of subversion. Among Syria's closest friends in Lebanon is the Shia dominated Hezbollah.⁶⁹ Many finger a combination of Israel, America and Sunni powers such as Saudi Arabia as an unwieldy consortium of outside actors that want to squeeze Syria and its ally, Iran, out of having any control over Lebanon.⁷⁰ This conflict has been marked by ever-shifting alliances as well as a dramatic fragmentation of territory.

Insurgent groups such as Hezbollah generally have a range of ethnic, religious, cultural, and blood ties to the local populace. Additionally, these ties

⁶⁷ Los Angeles Times, <http://www.latimes.com/news/nationworld/world/la-fg-reconstruction17aug17,1.6974846.story?coll=la-headlines-world> (accessed August 17, 2007).

⁶⁸ The Year in Defense, Faircount Media Group, 2007.

⁶⁹ Augustus Richard Norton, *Hezbollah: A Short History*. (Princeton, NJ: Princeton University Press, 2007).

⁷⁰ Nicholas Blanford, *Killing Mr. Lebanon*, (London: I.B. Taurus, 2006).

are coupled with shared grievances. These factors automatically give Hezbollah a force of legitimacy. Although these are some of the reasons that Hezbollah has gained their initial traction, Hezbollah was able to further their cause by successfully communicating “sticky” messages to the Shia community and to potential allies within the Christian community in Lebanon as well. One example of this can be seen with the idea of simplicity. Hezbollah’s promotion is a simple message that their claim to legitimacy is that they exist simply to defend Lebanon against Western Imperialism. This message alone drives home a message that they are needed.

Now that Hezbollah enjoys the status as a legitimate political party in Lebanon, there are fewer options to marginalize this one time ragtag militia. In fact, Hezbollah has successfully transformed itself into a powerful political and social force. The organization has become a "media-friendly, computer-savvy" organization with its own press kits, several Web sites, and a television station called Al-Manar, which is officially licensed by the Lebanese government. The organization markets a full line of paraphernalia praising the cause, including a series of movies and video games depicting suicide bombers and guerrilla attacks against Israeli soldiers.⁷¹

⁷¹ FoxNew.com, <http://www.foxnews.com/story/0,2933,293616,00.html> (accessed November 13, 2007).

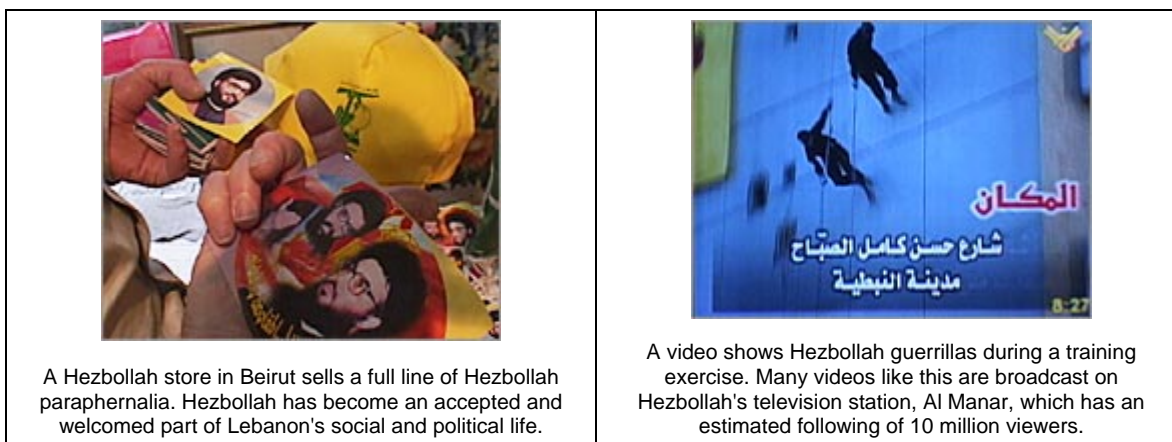


Figure 5. Hezbollah Media (From: Pbs.org⁷²)

To complicate the matter even more, when insurgents are killed, new recruits are quickly found. Consequently, it is often better to discredit their means rather than confront them directly. We often forget that the battle for legitimacy and message resonance (stickiness) is many times the key. Youth are attracted to this insurgent cause because it often helps to explain the world around them. In order to pull insurgents towards good citizenship vice insurgency, a message must not only be tied to local concerns, but must make sense at a basic level.

Hezbollah's social infrastructure has obviously worked to endear the group to the local populace, but it has also helped to generate domestic support for Hezbollah's functions as a Lebanese political party. It is also rumored that Hezbollah's civilian infrastructure in southern Lebanon is routinely used to store and utilize rockets, weapons, and other munitions.⁷³ In the course of providing services to the public, Hezbollah has built strong amounts of political capital. By building the schools, Hezbollah is also able to use the schools to recruit youth to the organization's ranks.

⁷² FrontLine World, <http://www.pbs.org/frontlineworld/stories/lebanon/tl05.html> (accessed November 13, 2007).

⁷³ WorldNetDaily, http://www.worldnetdaily.com/news/article.asp?ARTICLE_ID=56979 (accessed November 3, 2007).

If the Lebanese are going to facilitate a reincarnation of their economy, security must be coupled with proper implementation of sound economic principles. Generally, while battling for legitimacy, security for an entire population must be ensured paying special attention not to alienate any particular part of the populace. In addition, the international community must also help provide for both of these needed factors. In practice, there are many more hurdles that will persist and prove difficult to overcome. Reconstruction efforts in Lebanon after the 2006 war had the goal to strengthen a U.S.-backed Lebanese government of Prime Minister Fouad Siniora. Hundreds of millions of dollars poured in from U.S.-friendly Persian Gulf countries.

Hope is still held that a new president will develop a consensus that will enable the government to forge ahead in order to create a greater Lebanon. What message will the new president need to convey in order to make his message stick with the full spectrum of communities in Lebanon? Will this new president align himself with Syria or move in the other direction to develop closer ties to the United States? Unfortunately, this question can't be answered at this time (December 2007) because of the government's inability to elect a president, and the post currently being vacant. In fact, Lebanon currently lies at the brink of another civil war.⁷⁴ Further complicating the matter is whether or not the entire Middle East may or may not erupt into war. Talk of war, between Syria and Israel, has echoed throughout the Middle East been as the two countries have been at odds throughout the entire summer of 2007.⁷⁵ If the two countries do go to war, Hezbollah's ties with Syria may yet again unwillingly suck Lebanon into an undesired war.

⁷⁴ BBC News, http://news.bbc.co.uk/2/hi/middle_east/6205810.stm (accessed December 10, 2007).

⁷⁵ Ibid.

I. THE CHALLENGE OF MERGING MESSAGE WITH ACTION

To this point we have identified several key factors that are tugging at the Lebanese people. There is no silver bullet that can fix the myriad issues that confront Lebanon, but there are factors that can be addressed that will help point this country in the right direction. To make an impact on the Lebanese people, the government must provide a good governance that stems corruption as well as a better distribution system that spreads the nation's resources more evenly through all ethnic and religious communities. In order to accomplish this significant task, a simple yet poignant message needs to be communicated to all members of the Lebanese society. This is a message of unity--a message that is already set in place through the development of the Cedar Revolution and one that can be developed into a greater cause that builds a stronger nation influenced by democratic ideals.

J. CHANGES IN AMERICAN FOREIGN POLICY?

The United States must begin to develop projects in Lebanon that are consistent with U.S. values while supporting Lebanese goals. It must not appear to impose its political and economic will on the country. The power of a good neighbor will far outweigh the forceful intrusion of military bases and troops. The United States needs to build on such experiences like that of Operation Unified Assistance, which provided prompt relief to victims of the Indian Ocean tsunami of December 26, 2004. This, of course, was partially a product of response to a natural disaster, but more importantly it was responding to the needs of a people. Aside from natural disasters, there are always needs that can and many times should be addressed. The remarkable power-projection capability of the U.S. military allows a significant response to major natural disasters, but can also provide a global reach of assistance on a regular basis. Assistance rendered by the U.S. military early in the first desperate days after the disaster has brought fairly dramatic political goodwill for little investment in the past such as the

tsunami relief provided in Indonesia.⁷⁶ In this way, the United States will gain significant political respect internationally from helping victims recover from a disaster. The United States should continue to make itself an example of the rule of law, for freedom of the press and for the rights of collective bargaining, and most of all for democracy.⁷⁷ In order to truly be a role model for Lebanon and the Middle East, the U.S. should lead more by example in ways that can help build a strong economy, rather than relying on a boots on the ground approach.

K. HOPE FOR THE FUTURE (MARCH 2009)

Looking over all of his studies, the United States Ambassador seemed to have a good grasp upon the situation, and was ready to brief the President on what areas he felt the United States should be helping the Lebanese to develop. Before heading back to Washington for the meeting with the President, he jotted down what he had so far into a table:

⁷⁶ Council on Foreign Relations, http://www.cfr.org/publication/9742/new_focus_on_ussoutheast_asia_military_ties.html (accessed on December 10, 2007).

⁷⁷ Barry R. Posen, "The Case for Restraint," *The American Interest*, vol. III, no. 2, November/December 2007.

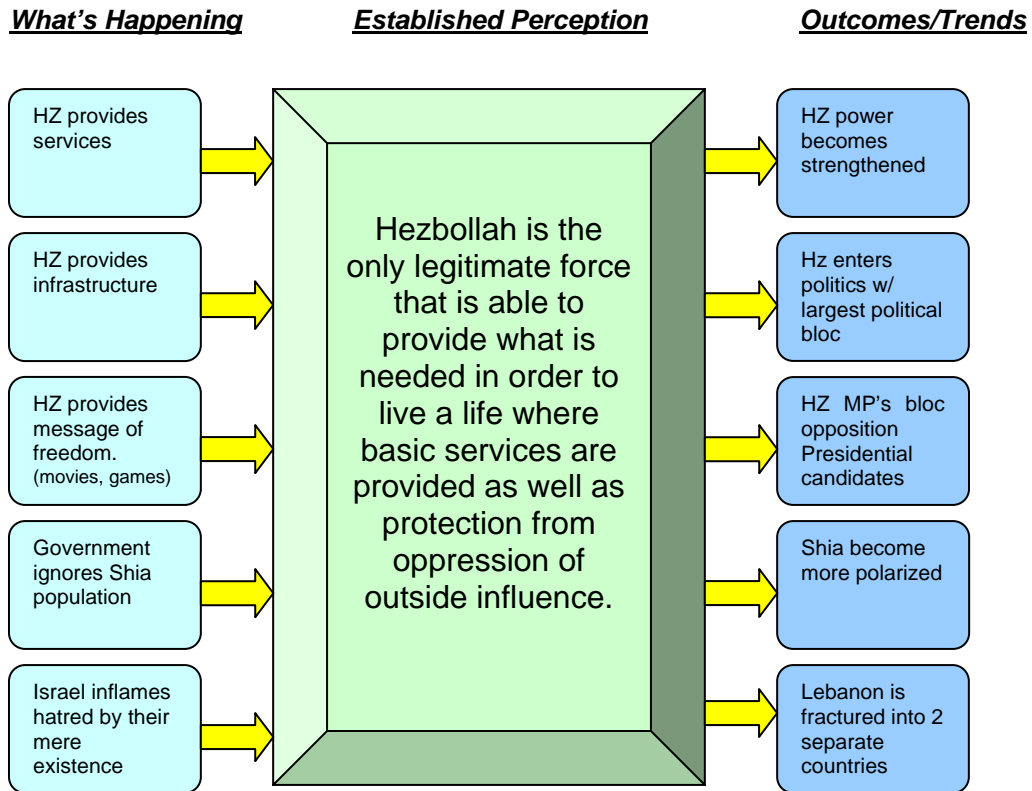


Table 1. Social Service Outcomes.

Indeed, if there is to be peace in Lebanon, the Ambassador could see from his own table that there must be a change in the established perception that Hezbollah has created. In order to be successful, the United States would need to assist the Lebanese government in the reestablishment of their own legitimacy by influence and direct intervention. This can be accomplished through the development of services that are sponsored and controlled by the state vice Hezbollah. As the state takes control of this area, they will then be able to slowly work towards other areas such as the disarmament of Hezbollah. Through economic reform, provision of services, and use of sticky messages about the Lebanese government's successes, predictions of dismal outcomes and trends will instead be altered to predictions of success and prosperity that stretch throughout the entire country of Lebanon.

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